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BERNSTEIN VS. "OLD-SCHOOL" MARXISM.

I.

In the year 1862, the energy and ambition of Ferdinand Lassalle sought an outlet in an agitation in behalf of the laboring class. In 1863 this wonderful man created the Universal German Laborers' Union (*Allgemeiner Deutscher Arbeiterverein*), the first organization of German social democracy. Killed in a duel in 1864, he left a small, and not altogether harmonious, group of followers. In the same decade, Liebknecht and his young disciple, Bebel, began to preach to the German laborer the ideas of Karl Marx, ideas differing in important respects from those of Lassalle. The latter's aims were idealistic, national and state socialistic; the socialism of Karl Marx was based on materialism, was international or cosmopolitan, and hostile to the existing state and to state socialism. In the seventies followers of Marx and Lassalle united to form the *Sozialistische Arbeiterpartei*, as the German Social Democratic Party was then called, and the first platform of the party, the Gotha Program, contains indications of a compromise between the two groups. As time passed, the doctrine of Marx became predominant. Marx, not Lassalle, is to-day the recognized

master of German socialists. Within the past few years, however, Marxism, as a theory and a political method, has entered upon a crisis that perhaps indicates its dissolution, while in the movement represented by Bernstein, the editor and biographer of Lassalle, but long known as a Marxist, there has come to the front a socialism that bears closer resemblance to that of Lassalle, than to that of Marx. Lassalle is not invoked as its leader; the cry "Back to Lassalle" has not been raised, but there is, nevertheless, a turning from Marxian materialism to idealism, from Marxian dislike of patriotism and the national spirit to an acknowledgment of the importance of national interests, from Marxian hatred of the present state to a recognition of what governments, as organized to-day, have done and can do for the laboring class.

The authoritative statement of the faith of the German Social Democratic Party is given in the Erfurt Program, adopted in 1891. Some of its most significant utterances may be here quoted :

"The economic development of industrial society tends inevitably (*mit Naturnotwendigkeit*) to the ruin of small industries, which are based on the workman's private ownership of the means of production. It separates him from the means of production and converts him into a destitute member of the proletariat, whilst a comparatively small number of capitalists and great landowners obtain a monopoly of the means of production.

"Hand in hand with this growing monopoly goes . . . a gigantic increase in the productiveness of human labor. But all the advantages of this revolution are monopolized by the capitalists and great landowners. To the proletariat and to the rapidly sinking middle classes, the small tradesmen of the towns and the peasant proprietors, it brings an increasing misery, oppression, servitude, degradation and exploitation.

"Ever greater grows the mass of the proletariat, ever vaster the army of the unemployed, ever sharper the contrast between oppressors and oppressed, ever fiercer that war of classes between bourgeoisie and proletariat which divides modern society into two hostile camps.

"Nothing but the conversion of capitalist private ownership of the means of production . . . into social ownership can effect such a

revolution that instead of large industries and the steadily growing capacities of common production being, as hitherto, a source of misery and oppression to the classes whom they have developed, they may become a source of the highest well being. . . .

"This social revolution involves the emancipation, not merely of the proletariat but of the whole human race. . . . But this emancipation can be achieved by the working class alone. . . . .

"It must be the aim of social democracy to give conscious unanimity to this struggle of the working class and to indicate its inevitable goal (*naturnotwendiges Ziel*").

The view presented in the Program of present industrial society tending inevitably toward socialism is connected with Marx's "materialistic conception of history," a theory of social development which leaders of the Social Democratic Party apparently consider a necessary article of faith. The most complete and authoritative statement of this theory from the pen of Marx is that in the preface of his *Kritik der Politischen Oekonomie*, published in 1859. It is obscure and involved in expression and a rather free translation must be given:

"As producers, the members of industrial society enter into certain necessary relations to one another, relations independent of the human will and, in their totality, making up the economic structure of society. This economic structure corresponds to the stage of development reached by the productive forces (*Produktivkräfte*), and forms the basis for a legal and political superstructure. Corresponding to it is the mental life of society. The manner of production for man's material life determines (*bedingt*) the social, political and mental life. It is not the mind of man that determines his life in society, but this life that determines mind. At a certain stage in their development the productive forces of society get into conflict with the existing economic structure, or, in other words, with the social organization based on property (the legal aspect of economic structure). Ceasing to be the channels within which the productive forces move freely, the economic structure and law of property become hindrances. Then ensues a period of social revolution. Corresponding to the revolution in the economic basis of society, there is a more or less rapid change of the entire superstructure. In the study of such revolutions we must always distinguish between the changes in the material conditions of production, which are the subject of scientific

observation, and the legal, political, religious, aesthetic and philosophical activities—the mental life—in which man becomes conscious of, and takes part in, this conflict. We do not in judging a man accept *his* opinion of himself. No more in the study of a social revolution ought our judgment to be based on men's opinions of it, but rather ought we to seek the explanation of the thoughts and feelings of those living in such a period in the contradictions of their material life, in the conflict between production and organization. A society never dies until all the productive forces which can find scope within it have reached their full development, and a new and higher form of social life cannot take its place until the material conditions of existence of the new society have been given birth by the old. . . . In broad outlines, we can trace the following periods of economic and social development: the oriental, the ancient, the feudal, the bourgeois. The bourgeois organization is the last *antagonistic* form of the productive process, antagonistic . . . in the sense of an antagonism growing out of the social and economic conditions of individuals. The productive forces growing up within the bourgeois society, however, are creating the material conditions for the solution of this antagonism."

We find in this passage, stated explicitly, a theory of social development basing all social life on economic factors. We find implied a theory of knowledge which regards man's mental activity as a reflection of physical conditions, and a monistic philosophy which denies freedom of will and looks upon human life, individual and social, as a part of nature and in a process of evolution. In the use of such terms as *contradiction* and *antagonism*, in the announcement of an antagonism created by forces within a given society and its solution by forces arising within the same society, there is an echo of the Hegelian dialectic. Hegel, as usually interpreted, regarded the world as an evolution of mind, in which thought in its development creates a contradiction within itself, but develops also a solution of the contradiction, a reconciliation of opposites in a higher unity—a process of logical evolution marked by the phases thesis—antithesis—synthesis. Marx saw only a material development, but this he was disposed to view as a dialectic process, a constant development of contradictions to be solved by some

synthesis. This leaning to the methods of the Hegelian dialectic distinguishes his theory from the modern idea of evolution. Applied to an interpretation of the present industrial system, it attains its greatest interest. It beholds the development of a contradiction in this system that will lead, with inevitable logic, to its own solution, to a "synthesis" in socialism.<sup>1</sup>

Socialism is not advocated on moral grounds by Marxists. Why apply ethics to the course of nature? Socialism is as indifferent ethically and yet as certain as the rising and setting of the sun. Unable to meet the objections that may be urged against any conceivable collectivist régime, the Marxist might say, with a shrug of his shoulders: "It is coming, whether we like it or no. It is fate." He might choose not to exert himself for its realization, because it will come of itself. Such consistent inaction, however, is repugnant to the normal man, and gives no scope to political ambition. To the proletariat there would be at least an intellectual satisfaction, if not also a tactical advantage, in the consciousness of the inevitable part it is to play in the great historical drama. There is, to the joy of the Marxist, a class conflict. The contradictions within a society that compel its overthrow manifest themselves in a struggle between economic classes, and every great revolution in history appears as the work of some one class. The issue of the present struggle between bourgeoisie and proletariat will be the triumph of the latter, the "dictatorship" (*Diktatur*) of the proletariat. It is not, however, until the contradictions of the present system have fully developed, not until capitalism has run its course, that the new order can take the place of the old. Hence the need of patience, and all the greater need because there is no ground of hope for any great improvement of the laborer's condition under the present

<sup>1</sup>This thought finds its clearest expression in the writings of Engels. See his *Dühring's Umwälzung der Wissenschaft*, 1878, and the chapters taken from that work and published under the title *Entwicklung des Socialismus*. (English translation: *Socialism, Utopian and Scientific*, in Social Science Series.)

system. In fact it is a question whether, from the Marxian point of view, all attempts to improve the laborer's condition under the existing system ought not to meet the sternest opposition. Such partial reforms, it might be argued, weaken that antagonism within the present order that drives us on to socialism, and, in attempting to make conditions more tolerable, only prolong the agony and postpone the coming of the better order of society. This, apparently, not illogical conclusion has been drawn by some followers of Marx, but, to the leaders of a political party, such consistency is out of question. The laborers' vote is not won by opposing measures giving him some immediate relief, and the social democracy, a laboring man's party, has therefore given a prominent place to reforms in taxation and to factory legislation.

To the materialistic conception, sketched above, must be joined the theory of value and distribution developed in *Das Kapital* to obtain the complete Marxian creed. This creed is at the basis of the Erfurt Program, and may be regarded as more fundamental and authoritative for the Social Democratic Party than the Program itself. To the student of the history of thought it appears scarcely credible that a system so comprehensive as that of Karl Marx could maintain itself for a single generation except as an object of blind devotion. More than half a century, however, has passed since, in a time of political excitement and intensest mental activity, there came to the mind of Marx, in outline, the characteristic features of his system. For about forty years he and Friedrich Engels labored to extend and complete it. After the death of Marx in 1883, Engels continued alone the work until death, in 1895, removed him also from his still unfinished task. Whatever Marxism may have been in the minds of these co-operating thinkers, their followers certainly fell into confusion. The chief elements in the thought of Marx can be easily stated; it is the connection between them that presents difficulties.

It may be doubted whether Marx himself ever completely unified his thought. His followers certainly have proved unequal to the strain of holding together, in bonds of logic, the scattered ideas found in his works. Marxism as an historical phenomenon, as a general movement of thought and not as the opinions of an individual thinker, has been a group of loosely connected ideas of which first one and then another has been emphasized according to the exigencies of political controversy.

Increasing the confusion due to the difficulty of interpretation, is the insufficiency of the Marxian system in the face of new knowledge and changed conditions. Material that is now antiquated was built into it at the beginning. The intellectual atmosphere has undergone a change. Ricardo and Adam Smith, in the forties and fifties, still exercised such authority that the labor theory of value could be taken, almost without question, as one of the premises of economic reasoning. Hegelianism had not yet spent its force. Though largely rejected or given a materialistic turn, as by Feuerbach and Marx, it had yet entered so deeply into German thought as to be used unconsciously. To the German of the latter years of the nineteenth century it has become unintelligible. Among the younger Marxists the dialectic process, with its automatic movement, has been given up in favor of a theory of social evolution based on a conscious class struggle. The Hegelian lingo of Marx and Engels is still piously repeated, but it is little understood. Furthermore, the political atmosphere has changed. Marx's early manhood was spent in the midst of the agitation for constitutional reform of the forties, of the revolutionary excitement of 1848, and of the gloom that set in with the reaction of the years following '48. There settled into his thought a revolutionary spirit, a hatred of governments that does not appeal to the generation grown up since general manhood suffrage brought government under the power of popular opinion. Industrial conditions

also have changed, and that sufficiently to suggest a correction of several socialistic tenets.

Slowly, almost imperceptibly, the faith of the Social Democratic Party has been moving away from the earlier formulations. Orthodoxy is breaking down. Of this the declarations made by Eduard Bernstein and his sympathizers give the clearest evidence. There is not much that is altogether new in Bernstein's writings. Indeed the bitterness of the controversy his views have given rise to within the party is not easily explained. In part the intense interest may be due to the general recognition of Bernstein's ability and importance. He has been ranked with Kautsky and Conrad Schmidt among the ablest living leaders of German socialism, has enjoyed the friendship of Friedrich Engels, has contributed extensively to the social democratic press and edited the works of Lassalle, has written scholarly articles on the English labor movement, and has been identified with Marxism for twenty years or more. For a long period he was banished from Germany. These years of exile were spent in London, and probably broadened his views and saved him from a crabbed Marxist orthodoxy. Very recently he has received permission to return to Germany. In the years 1896 to 1898 he published in the *Neue Zeit*, under the title "*Probleme des Socialismus*," a series of articles criticising current interpretations of Marxian socialism. A lively discussion followed in socialistic circles. From what may be called the "Old School Marxists" his views met with sweeping disapproval. One writer, "Parvus," went so far as to remark in the *Sächsische Arbeiterzeitung*, that these views, if true, would mean the end of socialism. To bring matters to a head, it appears, Bernstein sent an address to the annual convention of the party held in Stuttgart, October, 1898. Further controversy followed, leading to the publication of Bernstein's *Voraussetzungen des Socialismus*, in the spring of 1899. Articles for and against his views then appeared in rapid succession in the *Neue Zeit* and in the

*Socialistische Monatshefte*.<sup>1</sup> Most conspicuous among the defenders of Old School Marxism is Karl Kautsky, whose little book, *Bernstein u. das Sozial demokratische Programm*, 1899, was published with the avowed hope of disposing of the annoying subject of Bernsteinism, and may be regarded as the ablest recent exposition and defence of the views attacked by Bernstein. In a collection entitled *Zur Geschichte u. Theorie des Socialismus*, Bernstein has republished some articles in reply to attacks on his *Voraussetzungen*. The latter work with some of the controversial papers in *Zur Geschichte u. Theorie des Socialismus*, may be taken as the ripest expression of his thought, and will be made the basis of the summary of his views given below.

The question, Is Bernstein a Marxist? will puzzle the reader of his works. In his departure from current interpretations of the faith he often appears anxious to lean on the authority of Marx and Engels. On other occasions he flatly contradicts Marx himself. He distinguishes between pure and applied theory. The former, consisting of propositions of general validity, constitutes the relatively permanent portions of a science. The latter, made up of applications of the general theory of a practical and detailed nature, is more subject to change. The pure theory of Marxism includes the materialistic philosophy of history (and implied in this the doctrine of class conflict), the theory of surplus value and of the tendencies of present industrial society. This careful distinction between pure and applied, permanent and variable, lead to the expectation that Bernstein, the old Marxist, would direct destructive criticism against the applied theory only. The pure theory of Marxism, however, receives corrections that amount to an abandonment of some of its fundamental propositions.

<sup>1</sup>The *Monatshefte* are the organ of the Bernstein socialists and may be considered the ablest and most scholarly of socialistic periodical publications.

## II.

It will be convenient to begin the summary of Bernstein's views with the more theoretical portions of Marxism, taking up first the theory of value and surplus value. His discussion of this subject constitutes one of the least important and least satisfactory chapters in the *Voraussetzungen*. It shows keen thought, but reaches no very definite conclusions. In the third volume of *Das Kapital*, published in 1894, Marx declared market value equal to cost of production, the average rate of profit being one of the elements of cost. He appeared thus to have surrendered the labor theory of value, upon which the reasoning of the first two volumes was based, and which had become an article of faith to his followers. The third volume brought confusion into the Marxist camp as regards the theory of value, and Bernstein's skeptical attitude toward the Marxian treatment of this problem is not, therefore, especially significant. If commodities exchange in proportion to the cost of production what becomes of the view that the exchange takes place in proportion to the average, socially necessary labor time devoted to their production? Is the old labor theory of value to be regarded as a description of conditions existing prior to, or at the beginning of, the modern capitalistic period and projecting their influence into the period? This view, suggested in the third volume of *Das Kapital*, and later amplified and defended by Engels in an article in the *Neue Zeit*, Bernstein rejects. Or is the labor theory to be taken as a mere device of thought, a means of analysis and illustration employed to show the operation of exploitation and the rise of surplus value? The labor time used in the production of the total of commodities is, according to Marx's third volume, their social value. The excess of the total product over total wages gives us total social surplus. Marx, in assuming that a given commodity sells in proportion to its labor value, uses the given single instance to picture what takes place in pro-

duction as a whole and viewed collectively. So Bernstein interprets Marx, but admits that this surreptitious introduction of the concept of collective social production into the discussion of the existing system is rather arbitrary. The theory of labor value, he further states, is misleading in that it tempts us to take labor value as a measure of the exploitation of the laborer by the capitalist. It does not give a correct measure, even if we take society as a whole and place over against total wages the total of other forms of income. The theory also gives no measure of the justice or injustice of distribution. In taking justice into consideration Bernstein departs widely from the Marxian point of view. Marx held that the laborer does not receive the entire product of his labor, that he is being robbed. His socialism, however, was not a demand, made in the name of justice, but a forecast of the course of evolution.

In this chapter on the theory of value, it appears that Bernstein has knowledge of the Austrian theory of value and finds some truth in it. His attitude towards it aroused the ire of Karl Kautsky and perhaps not without reason. If the Austrian theory, through the attention called to it by Bernstein, gains adherents among socialists, it may go hard with the Marxian views of value and distribution. Bernstein, it may be remarked in this connection, unlike most socialists, is not unwilling to learn from the "bourgeois" economists and shows acquaintance with their works.

Before the appearance of the third volume of *Das Kapital*, a large part of economic literature conveyed the impression that the theory of surplus value was the essential element of Marxism. Since its appearance, and the confusion it has wrought in the views of German socialists on value, discussion is turning more about the materialistic conception of history, and this is regarded as par excellence Marx's contribution to socialistic thought. None will deny, says Bernstein, that the most fundamental part of Marxism is its theory of history. With it the whole system stands or falls.

To the extent that it is subjected to limitations all remaining portions are affected. Now the question as to the truth of the materialistic conception of history, he continues, is the question of the *degree of historical necessity*. According to materialism everything is the result of necessary movements of matter, everything is determined and a link in a chain of causation. The materialist is a Calvinist without God. Applied to history, materialism means the affirmation of the necessity of all history. The only question the materialist need consider is through what channels necessity takes its course, what part must be assigned to nature, what to economic factors, to legal institutions, or to man's ideas. Marx considers the productive forces and organization (*die materiellen Produktivkräfte u. Produktionsverhältnisse*) the determining factor. Engels, however, states that productive forces are only the *final cause*. The mental life also is a cause. "The political, legal, philosophic, religious, literary and artistic lines of development rest on the economic. But they all react on one another *and on the economic*" (Letter of Engels in *Sozialistischer Akademiker*, October, 1895). The question at issue is to what extent non-economic factors control history. The economic are on the whole predominant, in Bernstein's opinion, but mental forces are controlling life to an increasing extent. As their power increases a change takes place in the sway of so-called historic necessity. On the one hand we have an increasing insight into the laws of development, and especially of economic development, and on the other, a resulting growth of ability to direct and control this development. Society has greater freedom theoretically with reference to economic factors than at any time before, and it is only a conflict of interests that prevents the practical realization of this theoretic freedom. However, the common, as opposed to private, interests, are gaining ground and, to that extent, economic forces cease to be elemental powers. Their development is anticipated and, therefore, takes place more readily and rapidly. Individuals and

nations are thus withdrawing an ever greater proportion of their life from the influence of a necessity acting without or against their volition. Necessity is less absolute. This view of history, which he regards as the developed form of Marx's thought, Bernstein names *economic* conception, in preference to *materialistic* conception. The Marxian theory of history, unlike philosophical materialism, he claims, does not involve determinism. It does not attribute to economic factors absolute power.

This view of Bernstein seems to rest on a misconception of the Marxian system of thought. Marx certainly was a determinist and Engels, while admitting that the economic factor is only final cause, did not intend to represent it as one of several co-ordinate causes, nor to deny necessity in the action of forces other than the economic. Bernstein in his *Voraussetzungen* looks at the immediate causes of historical phenomena only. These may indeed be predominantly mental or ideal rather than economic. Behind these, however, according to consistent Marxism, lie others, reaching back to the fundamental cause, the economic factor, the productive process. By lengthening the process of causation, by inserting mental forces in the chain that extends from the economic condition up to given historical phenomena, we do not diminish the "degree of necessity." The inserted mental forces themselves are determined. They are a part, not an interruption of, the chain of causation. It may be questioned, too, whether it is possible to conceive of *degrees* of necessity. In philosophy, Bernstein is clearly not a disciple of Marx. It may be stated, however, that he evades or overlooks the philosophic question, the problem of the ultimate principle. He is, in fact, not pre-eminently a philosopher. The fundamental issue between mental and economic forces, in the Marxian view of history, is not their relative weight as immediate causes of historical events, but the question of priority in the evolution of life. From the beginning of human life they have acted and developed side

by side. The question, therefore, is one of the origin and nature of mind. This problem of origin, however, is not one that Marxists have generally recognized as the fundamental one. Marx did not complete his system, and Engels only partially worked out a philosophic theory. Woltmann<sup>1</sup> appears to be the only recent social democratic writer who gives evidence of philosophical training and has attacked the fundamental problem. Claiming that Marx, the philosopher, is as great if not greater than Marx the economist, he aims to show what is necessary to the completion of his system.

In the confusion prevailing among the professed followers of Marx and in the mind of Bernstein, it is difficult to state precisely how widely the latter has diverged from the true Marxists in the field of philosophy. It is noteworthy, however, that he assigns greater importance to ethical ideals as forces in the socialistic movement than has been customary among German socialists. He appeals to justice. He urges the need of a moral elevation of the proletariat. His teachings, if they prevailed, would give a tone to social democratic agitation very different from that which it has received from Marx's almost contemptuous attitude towards ethical considerations. Bernstein's ethical idealism may rest on feeling rather than on a well-reasoned philosophy, or he may have found his way unconsciously into the current of a new philosophic movement. To place the bases of Marxism in the crucible of criticism, or to evolve new systems of thought will be the task of others who are better fitted, but whatever faith one may have in the mission of the philosopher and in the compelling power of logic, a man like Bernstein is certain to exert a more immediate and obvious influence on a political movement than a more profound and less popular thinker. Bernstein's idealistic tendencies, therefore, may yet prove to be of the greatest significance.

<sup>1</sup> *Der historische Materialismus. Darstellungen und Kritik der Marxistischen Weltanschauung*, 1900.

Passing now to problems of a less general and theoretic nature, the Marxian diagnosis of modern industrial tendencies with its affirmation of an irresistible movement toward socialism may be taken up first. According to Marx, Engels and the Erfurt Program, capitalism is doomed because capital, the means of appropriating the product of society, is falling into the hands of an ever smaller number of great capitalists, while the concentration of industry is effecting the organization of the constantly growing proportion of rebellious humanity that constitutes the proletariat. This Bernstein designates the theory of collapse, *die Zusammenbruchstheorie*. It implies that the middle classes are disappearing, the rich diminishing, and the poor growing in number. Closely related to it is the so-called *Verelendungstheorie*, the pauperization theory, which holds that the masses are sinking into ever deeper poverty. Bernstein's argument controverting the *Zusammenbruchstheorie* has proved especially unpalatable to the "old school." He argues first that capital is not failing into the hands of a diminishing number of capitalists. The corporate organization of production makes possible a wide diffusion of capital in the shape of stocks and bonds. Immense wealth in the ownership of a few capitalists is not necessary for the construction of large business units. Capital can be concentrated by bringing together the holdings of a large number of small stockholders. Control over, not ownership of, large capital is necessary to the captains of industry. Statistical data are incomplete, but show that the securities of the great "trusts" of to-day are scattered among a very considerable number of holders. More complete evidence that the propertied classes are not diminishing in number can be obtained from income tax statistics. Not only are the propertied classes not diminishing, Bernstein concludes, but they are increasing both absolutely and relatively.

The same conclusion can be reached deductively. Modern

methods of production have brought about an immense increase in the *per capita* product. It is not possible for a few capitalists and their families to consume all of this increase. Its consumption can be accounted for only on the assumption that it goes either to the proletariat or to the middle classes. It is the latter that in Bernstein's opinion, are receiving a larger share of the social dividend. If the proletariat, beguiled by Marxian predictions, expects to wait until the great capitalists have ruined the lesser ones before it expropriates the entire capitalist class, it must content itself to wait an indefinitely long time. But, says Bernstein, it is time to abandon the superstition that the realization of socialism depends on the concentration of capital in the ownership of a few. Whether the social surplus is appropriated by ten thousand monopolists, or is distributed in various amounts among half a million, is a matter of indifference to the great majority, the nine or ten million families who lose by the transaction.

The attack on the theory of collapse is continued by statistical evidence to show that industry is not becoming consolidated in large concerns at a very rapid rate. Although in an increasing number of industries production on a large scale is displacing the small producer, there is a considerable number of industries in which production on a small or medium scale is holding its own. Not all industries develop in the same manner, not all are destined soon to become centralized in a few immense organizations. Manufactures and commerce show a less rapid centralization than socialistic theorists have assumed. In agriculture in Europe, and in part in America, there is a movement directly counter to socialistic predictions. Large farms are decreasing in number, small and middle sized farms are increasing. It is not true, therefore, that a rapid centralization of production is gathering together as a wretched proletariat the great mass of humanity, organizing men as producers in large workshops and on large farms and making the expropriation of a

small group of capitalists and the collective management of the highly centralized economic system an easy and inevitable matter.

Somewhat vague expectations of a collapse of capitalism are, in the minds of German socialists, associated with industrial crises. These hasten the ruin of the small capitalist and the disappearance of the middle class. They are regarded as ominous indications of the impossibility of capitalism, of its inability to control its own productive forces. "The contradictions inherent in the movements of capitalist society," wrote Marx in 1873, "impress themselves upon the practical bourgeois most strikingly in the changes of the periodic cycle through which modern industry runs and whose crowning point is the universal crisis. That crisis is once again approaching, although it is but yet in its preliminary stage."<sup>1</sup> The extension of the world's market, socialists are disposed to hold, merely increases the scope and intensity of the contradictions of capitalism. Engels states in one place that improved methods of transportation and the extension of the field open to investment of the excess of European capital have weakened the tendencies toward a crisis, but later remarks that all factors striving to prevent a repetition of former experiences are merely preparatory to a greater crash. The time between crises has lengthened, but the delay of the next crisis indicates the coming of a universal crash of unparalleled violence. Another possibility, however, admitted by Engels, is that the periodic appearance of acute distress will give way to a more chronic trouble, short periods of slight improvement in business being followed by long, indecisive periods of depression. In the years that have elapsed since Engels wrote, his expectations have not been fulfilled. There are no indications, remarks Bernstein, of the great catastrophe, nor can business prosperity be characterized as especially short-lived. There is a third possibility. The extension of the market, the increasing

<sup>1</sup> Preface Second Edition of *Das Kapital*.

facility of transportation and communication, may equalize or diffuse disturbances, while the increased wealth of industrial countries, the greater elasticity of credit, and the action of trusts may diminish the action of local and special disturbances on the general course of industry. General crises in that case need not be expected for years to come. Reckless speculation is less certain to make trouble now than in the past. Speculation is determined by the proportion of knowable to unknowable factors. It is most dangerously active when the unknown plays a large part, as at the beginning of the capitalistic era, in new countries, and in new industries. The older the use of modern methods in any industry the weaker is the speculative element. The movements of the market are better known, its changes more accurately estimated. Of course, competition and the possible appearance of inventions preclude an absolute control of the market and, in some degree, overproduction is inevitable. Overproduction in a few industries is, however, not synonymous with general crisis. To lead to a general crisis the industries immediately affected must be such large consumers of the products of other industries that their suspension causes a wide-spread stoppage, or the effect on the money market must be such as to result in a general paralysis of business. It stands to reason, however, that the greater the wealth of a country and the stronger its organization of credit, the less is the likelihood of disturbances in a few industries bringing about a general crisis. Bernstein concludes in regard to the possibility of avoiding crises that the problem cannot be solved at present. We can only point to what forces tend toward a break down, and what forces tend to prevent it. What the resultant will be we do not know. Local and partial depressions are inevitable. Unforeseen external factors, such as wars or an unusually widespread failure of crops, may cause a universal industrial crisis, but, aside from such possibilities, there is no conclusive reason for expecting a general stoppage of the

world's industry. Socialists need base no hopes upon a universal crash.

A condition precedent to the accomplishment of socialism, according to German socialists, is the crushing out of the small manufacturer and farmer and the centralization of industry. This is to be the mission of capitalism. Capitalists, in short, are to organize production and then to be turned out by the proletariat. The latter is to gain control of the government while the work of the capitalistic consolidation is still proceeding. As, however, the centralization of production is taking place rather slowly, Bernstein argues, it will be a long time ere the government can undertake the management of all industry. It could not deal with the enormous number of small and middle-sized producing concerns. The proletarian state would, therefore, be obliged to leave their management in the hands of their present capitalist owners, or, if it insisted on turning these out, to entrust all productive concerns to co-operative organizations of laborers. It is mainly through the gradual extension of co-operation, not through the assumption of direct control of all production by a central political power, that Bernstein expects to see the socialist's ideal fulfilled. In this he departs widely from Marx and the old-school social democrats. If socialism is to be the work of the co-operative movement it will be long in coming. Productive co-operation, Bernstein points out in an especially interesting chapter, has made but slow progress. Distributive co-operation has been successful. Socialists have not generally been very eager advocates of such organizations of buyers. Bernstein, however, holds that their work is well worth doing. They serve to retain in the hands of the laboring class a considerable portion of the social dividend that otherwise would be diverted to the middleman's profit and would thus strengthen the position of the propertied classes. The large profits gained by such organizations in England show that the socialistic doctrine that the laborer is exploited

as producer rather than as consumer must suffer considerable limitation. Productive co-operation has achieved less. The larger concerns that have tried it usually failed to secure able leadership and discipline among the workers. Democracy in the workshop is a failure when the scale of operation is large. The idea that the modern factory trains the laborer for co-operative work is erroneous. The most successful co-operative producing concerns are those that are financed by some trades union or some organization of consumers and thus are producing, not primarily for the profit of their own employees, but for some larger body, of which their employees are, or may become, members. It is by such combination, with distributive co-operation, that productive co-operation may yet prove its feasibility. It has a future, but necessarily its development will be slow. In agriculture the problem of making the laborers capitalists and of organizing them as a democracy of co-operating producers is especially difficult, and yet it is a problem the Social Democratic Party cannot afford to neglect.

The first condition upon which, in the Marxian program, the realization of collectivism depends is the centralization of industry. A second condition is the seizure of the supreme political power by the proletariat. This step may be taken by legal means or by violence. Marx and Engels, until late in life, were disposed to think that some violent measures would be necessary. There are socialists who are still of this opinion. Violence is, at least, often declared to do quicker work. The thought that the laboring class is numerically the strongest easily suggests that it can force itself into power and at once effect a radical change. Those who derive no income from property or privilege constitute indeed the majority in all advanced countries, but this "proletariat," Bernstein points out, consists of very diverse elements. They may, under the existing system, have common or similar interests, but, if the present propertied

and ruling classes were once deposed, differences in interests would soon appear. The modern wage-earners are not the homogeneous mass suggested by Marxian phraseology. In the most advanced industrial centres especially there exists the greatest differentiation. Diversity of occupation and income result in diversity of character. Even if the industrial workers were not thus broken up into groups of differing interests, there are other dissimilar classes, such as public officials, commercial employees and agricultural laborers. The employees of factories and house industries constitute in Germany less than half of those engaged in earning a livelihood. The remaining classes include the greatest social contrasts. In the rural districts there is no evidence of a class consciousness or of a class struggle such as that waged by the organized factory laborer with his capitalist employer. To the majority of agricultural laborers socialization of production can be little more than an unmeaning phrase. Their cherished hope is to become landowners. Even among factory workers the desire for collectivism is not universal. There has been a steady increase of votes cast for the Social Democratic Party, but not all of these voters are socialists. In Germany, the country in which the party has made its greatest advance, social democratic voters number somewhat less than half of the industrial workers. Over one-half, therefore, of this class are indifferent or hostile to socialism. It is still a far cry to the day predicted by Marx and Engels when a united proletariat, conscious of its mission, deposes the few capitalists still remaining, and inauguates an era in which there shall be no classes and no class wars.

To exercise the hoped for "dictatorship," the proletariat, Bernstein holds, is not yet sufficiently matured. Unless workingmen themselves have developed strong economic organizations, and through training in self-governing bodies have attained a high degree of self-reliance, the rule of the proletariat would be the rule of petty orators and litterateurs.

There is a cant in regard to the virtues and possibilities of the laborer against which Bernstein earnestly protests. Socialistic hackwriters and demagogues have given a thoroughly false picture of the class. The workingman is neither the pauperized wreck some socialistic phrases depict, nor, on the other hand, is he completely free from prejudices and foibles. He has the virtues and vices incident to his economic and social position. These cannot change in a day. The most sweeping revolution can raise the general level of a nation only a little. Economic conditions enter into consideration. Engels confesses that not until what would to-day be considered a very high development of productive capacity has been reached, can the total product be so large that the abolition of classes would not result disastrously. Meanwhile, Bernstein urges, the proletarian needs to cherish the homely virtues of thrift and industry. The cheap contempt for what they style "the bourgeois virtues" affected by socialist litterateurs is fortunately not entertained by the leaders of the trades union and co-operative movements. For these organizations the shiftless, homeless proletarian is poor material. It is not surprising that in England so many labor leaders, whether socialists or not, favor the temperance movement. Everything tending to confuse the moral sense of the worker is an injury to the cause of labor. It is deplorable, therefore, that part of the labor press affects the tone of the literary decadents. A class that is striving to rise needs a vigorous morality, not cynicism. The proletariat needs an ideal. The view that material factors are omnipotent, that they alone can lead to a better social order, is false.

Democracy is both means and end of the socialistic movement—industrial democracy in the trades union and co-operative movement, and political democracy, through legislation, aiming to realize the same ideals. Democracy, Bernstein states, implies the absence of class oppression. It is not the tyranny of the proletariat mob over other classes. The fears

of its revolutionary tendencies felt by conservatives prove to be groundless as democracy develops. It is only at the beginning of democratic movements that conservatives are chilled and radicals cheered by visions of blood and flame. The majority will not oppress the minority, because the majority of to-day may be the minority of to-morrow. Nor can democracy perform miracles of rapid reform. Kings and ministers of state have often moved faster than the governments of the most democratic countries. The latter have the advantage of not being subject to reaction. They go steadily, though often very slowly, forward in the direction of the ideal. Much already has been accomplished. The material condition of the laboring class has been improved. Exploitation on the part of the capitalist is being checked. Class privileges are being abolished. The proletarian is made a citizen and gradually raised to the level of the bourgeoisie. There is a great movement that is reconstructing society and realizing socialistic ideals as they become practicable. This movement, in Bernstein's mind, ought to be the chief care of the socialist. The collectivist goal is in comparison a matter of indifference.

The Social Democratic Party ought not needlessly to antagonize classes other than the proletariat. The opposition of these classes would delay the achievement of that political democracy that must precede the realization of social democracy. Germany is not yet democratic in the political sense. Some socialists would object that German institutions cannot be reformed except through violence, inasmuch as the German bourgeoisie is growing more reactionary. For the time being this may be the case, although there are many facts pointing to the contrary view. It cannot long continue to be true. What is called the bourgeoisie is of a composite character. Its diverse elements can be fused into a reactionary mass only through their fear of social democracy as their common enemy. Some bourgeois behold in the socialistic party a menace to their material

welfare, others an enemy to religion, others still oppose it on patriotic grounds as the party of revolution. Such fears ought not to exist. The leaders of the social democracy ought to make it plain that it does not menace all and that it has no fondness for violent measures. Many of the bourgeoisie feel an economic pressure that might lead them to make common cause with the working class, but they are repelled by violent utterances.

Let the Social Democratic Party, Bernstein urges, appear in its true colors as a party of socialistic *reform*. Let it discard its revolutionary phraseology. Let it be consistent. Its efforts for immediate and partial reforms are not consistent with the expectation of a great smashing of the present industrial order. Socialism will not come all in a moment amidst scenes of horror. There will be no sudden rising of enslaved masses against a handful of capitalist tyrants. If such were in truth to be the coming of socialism, it would be folly for the party not to promote in every way the accumulation of capital and power in the hands of the few instead of proposing the exact reverse, as it does, for example, in its policy regarding taxation. Socialism, however, will be attained gradually; its blessings will not be withheld from mankind until the great day of the wrath of the proletariat. Whatever its *cant* may indicate, the party is to-day a party of reform, not of revolution. Recent occurrences prove this. Bebel, one of the old school, with reference to recent anarchistic plots, protested earnestly against the idea that the party approved of violence. All the party papers quoted approvingly. Not one dissented. Kautsky, also of the old school, makes suggestions, in his work on the agrarian question, that are entirely in the direction of democratic reforms. The municipal program adopted by social democrats at Brandenburg is one of democratic reform. The representatives of the party in the Reichstag have expressed themselves in favor of boards of arbitration as a means of securing industrial peace. In Stuttgart social democrats

joined with a bourgeois democratic group to form a fusion ticket. In other towns in Württemberg their example has been followed. Socialistic trades unions are advocating the establishment of municipal employment bureaus representing employer and employee. In several cities, Hamburg and Elberfeld for instance, socialists and trades unionists have formed societies for co-operative distribution. Everywhere it is a movement for reform, for democracy, for social progress.

Bernstein is opposed to the anti-national attitude of his party. The oft-quoted statement of the Communistic Manifesto that the proletarian has no fatherland he declares to be false. It may have been true of the proletarian of the forties who was without political rights, it is not true of the workingman of to-day. There are national interests, the importance of which, in his enthusiasm for a cosmopolitan labor movement, the socialist should not disregard. If the Social Democratic Party gets into power it will need a foreign policy. The party rightly objects to the irresponsibility of the executive in foreign affairs. It is in favor of international arbitration; but it ought not to sacrifice national interests. Germany, for instance, has interests in China and should be in a position to defend them. In an article in the *Sozialistische Monatshefte*, it may be added, Bernstein gives a qualified approval to a policy of expansion, even conceding under certain circumstances a right of conquest.

### III.

From the above summary of Bernstein's views it appears that he is not an orthodox Marxist. He is still a socialist and, in a sense, a believer in the class conflict, although hoping that in the future this conflict will be waged with less bitterness and always by legal means. He cannot be called the originator of an entirely new movement within the Social Democratic Party. In rejecting materialism he was preceded by Konrad Schmidt (in *Sozialistischer Akademiker*, 1896),

the first apparently among German Marxists to urge a return to a Kantian standpoint in philosophy, a movement that now has a respectable following among German socialists.<sup>1</sup> The pauperization theory received severe criticism from *Bruno Schönlank* a few years ago, and seems at best to have had only a weak hold on the better informed members of the party. In his protests against violence Bernstein has many predecessors, among them Engels and, in a degree, Marx himself. That agriculture was not fully bearing out Marxian predictions in regard to centralization of production, and that special tactics were necessary in agitating for socialism in the rural districts, had not altogether escaped the notice of the party leaders. In urging a conciliatory policy towards classes other than the proletariat and towards other political parties, Bernstein had the example of Georg von Vollmar, leader of the Bavarian socialists. In fact, the "compromise" or "opportunist" policy, the policy of temporary coalitions with other parties, has of late been seriously agitated in the leading countries of the continent. It is of course bitterly opposed by the grim, old agitators of the class conflict. In Belgium, however, socialists have combined with liberals against clericals; in France the socialist Millerand is a member of the cabinet under a "bourgeois" government; in Austria social democrats and liberals have together been trying to hold back Christian social conservatives, and in Bavaria, social democrats have combined with the Catholic party against so-called liberals. A change is taking place in the attitude of European socialists. Socialistic parties are no longer so exclusively the champions of the proletariat, nor the irreconcilable enemies of other classes and parties. Meanwhile misgivings in regard to doctrinal matters are appearing even among the Marx-ridden socialists of Germany, and almost every tenet of the social democratic faith has suffered some limitation.

Why then did Bernstein's calm and scholarly articles call

<sup>1</sup> *Woltmann*, above mentioned, also takes a "Neo-Kantian" view.

forth such bitter attacks? His only important addition to the heresies troubling the "old" school was the demonstration of the persistence of the middle class. In this there was nothing new, of course, to the bourgeois economists. To Marxists it was perhaps a disagreeable novelty. The bitterness of the controversy arouses the suspicion that personal rivalries among leaders and would-be leaders have envenomed the discussion. Much also may be due to the fact that Marxism is to many a religion, an object of faith, in whose defence they will fight. Bernstein representing the scientific, critical spirit, naturally arouses their anger. The controversy grows out of differences of temperament. The two schools, the old and the new, the grim, old irreconcilables, Kautsky, Liebknecht, Bebel, on the one hand, and the more modern and practical Bernstein, Vollmer, David, Heine, Auer, and Schippe1 on the other, are affected differently by current political and industrial events. The Kaiser's speeches and the blunders of the government are enough to keep an irascible nature like Kautsky's stirred to constant fury against government and bourgeoisie. At the time the controversy arose the government's ill-advised attempt to secure Draconian legislation against criticism of religion, monarchy, the family and private property, was still being discussed. Kautsky sees in such attempts proof of the incurably reactionary character of the present government and ruling classes. Bernstein regards them as merely a passing phase, a bubble floating on the great current setting towards democracy. Kautsky cannot reconcile himself to the admission into the Social Democratic Party of elements other than the proletarian. Writing in the *Neue Zeit*, just before the party convention of 1899, he pointed to two tendencies within the party, the proletarian and the democratic. The approaching convention, he maintained, would have to choose between them. If the democratic tendency for which Bernstein stood prevailed, the proletariat, although still occupying the leading position, would not be carrying out an independent class

policy, and a split would soon appear in the party. At about the same time, an article by Bernstein appeared in the *Vorwärts*, in which he proposed to change the clause in the Erfurt Program stating that socialism can be brought about only by the proletariat (*kann nur das Werk der Arbeiterklasse sein*) to *must be mainly* the task of the proletariat (*muss in erster Linie, etc.*).

The question to which Kautsky expected a definitive answer at the convention received but an ambiguous reply. Resolutions brought in by Bebel, adopted by the convention, and subscribed by Bernstein and his followers, permit coalitions with other political parties on special occasions. They also declare that the party maintains a neutral attitude towards the co-operative movement, but attributes no great importance to it. These are concessions to the Bernstein wing. This group desired more, no doubt, but, in any case, the resolutions are as far removed from Marxism as from Bernsteinism. Bebel declared himself pleased that by subscribing to the resolutions the erring Bernstein had returned to the fold. That the old leaders of the party, however, had yielded somewhat to the new movement is revealed by the action of a few extreme Marxists who refused their assent to the resolutions.

Recent events and present tendencies give some ground for the expectation that social democracy on the Continent will become a democratic rather than a purely proletarian movement. If such proves to be the case, if the party no longer represents one class, it must become moderate and lay less stress on class war. Then, perhaps, as some have suggested, the most bitter outbreaks of class conflict will take place, not in the political arena, but in the struggle between trades union and employer. With strong social reform parties representing the common people in local and national politics, and with vigorous trades unions and co-operative societies, the social movement on the Continent may come to resemble more closely than before that of the great Eng-

lish-speaking democracies. In any case, the practical tone of English socialists, of the French possibilists, and the Bernstein wing of the German social democracy, indicates that the best talent in the service of the socialistic cause to-day is opposed to violence and to class hatred, and is comparatively moderate in its expectations and methods.

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